

Message Text

UNCLASSIFIED

PAGE 01 CARACA 07401 091453Z
ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 /023 W
-----013505 100438Z /13

R 082132Z AUG 78
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 3348
INFO USDOC WASHDC
AMCONSUL MARACAIBO

UNCLAS CARACAS 7401

COMMERCE FOR ITA/BED/OED/MEPD

E.O. 11652: N/A
TAGS: BENC, VE
SUBJ: MAJOR PROJECT: CORPOZULIA COAL AND STEEL

REF: (A) STATE 187272, (B) CARACAS 6974, (C) CARACAS 7303 (PAR. 4).

1. THE FOLLOWING SUMMAR AND UPDATE ON CORPOZULIA STEEL AND COAL PROJECTS PROVIDED BY AMCONSUL MARACAIBO MAY BE USED TO RESPOND TO INQUIRIES FROM U.S. FIRMS ON STATUS OF THIS MAJOR PROJECT.

2. THE PROJECT CONSISTS OF THREE PARTS:

- (1) THE STEEL PROJECT;(STEEL MILL ITSELF)
- (2) THE COAL PROJECT, CONSISTING OF THE GUASARE MINES UP TO THE RAILHEAD,
- (3) INFRASTRUCTURE, INCLUDING EVERYTHING ELSE NEEDED TO MAKE THE OVER-ALL PROJECT WORK SUCH AS THE RAILROAD, PORT, COORDINATION WITH THE COAL FIRED POWER PLANT PROJECT AND WITH THE INDUSTRIAL ZONE TO BE BUILT AROUND THE STEEL COMPLEX. WITHIN THE NEXT SEVERAL MONTHS INITIAL CONTRACTS COULD BE LET TO INITIATE ALL THREE PHASES OF THE PROJECT.

3. THE STEEL PLANT: AT THE PRESENT TIME A GOV COMMITTEE IS STUDY-ING THE PROPOSALS OF THE FOUR REMAINING POTENTIAL EQUITY PARTNERS.
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 CARACA 07401 091453Z

THE FRONT RUNNERS NOW APPEAR TO BE THE GERMANS. OTHER BIDDERS- THE FRENCH AND THE BRITISH-CONFIRM THAT THE GOVERNMENTS HAVE THE IN-SIDE TRACK. WE HAVE HEARD THAT DAVEY ASHMORE, THE BRITISH BIDDERS, ARE ATTEMPTING TO POSTPONE THE SELECTION OF AN EQUITY PARTNER UNTIL AFTER THE ELECTIONS. CORPOZULIA HOPES THAT A DECISION ON THE FOREIGN PARTNER FOR THE MIXED CAPITAL STEEL ENTERPRISE WILL BE MADE IN TWO MONTHS BUT RECOGNIZES THAT IT MAY WELL TAKE LONGER.

4. THE COAL MINES: THE COAL MINING COMPANY SHOULD BE FORMED WITHIN TWO MONTHS. ITS INITIAL CAPITAL WILL BE BOLIVARES 150 MILLION WITH CORPOZULIA (60PERCENT) AND THE FONDO DE INVERSIONES (40PERCENT) BEING THE EQUITY HOLDERS. MOST OF THE MONEY USED TO ACTUALLY START WORK ON THE MINES WILL COME FROM THE FONDO BECAUSE CORPOZULIA WILL BE ALLOWED TO CREDIT BOLIVARES 60MILLION OF THE WORK IT HAS ALREADY PUT INTO THE PROJECT. COAL PROJECT EXECUTIVES HOPE TO LET THE CONTRACT FOR MINE DESIGN AND ENGINEERING WITHIN THREE MONTHS. THE PREFERENCE IN CORPOZULIA IS FOR U.S. MINING EQUIPMENT AND TECHNIQUES. ELEVEN U.S. COMPANIES HAVE INDICATED INTEREST IN THE PROJECT TO CORPOZULIA, WITH BROWN AND ROOT BEING THE LATEST. EVENTUAL INVESTMENT WILL BE ABOUT DOLLARS 300MILLION.

5. INFRASTRUCTURE PROJECT: THIS INCLUDES A NEW TOWN AT GAUSARE, THE RAILROAD, THE PORT, AN INDUSTRIAL ZONE ADJACENT TO THE STEEL MILL, AND COORDINATION WITH OTHER GOVERNMENT ENTITIES FOR NECESSITIES SUCH AS WATER AND POWER. INFRASTRUCTURE PART ALSO INCLUDES THE ECONOMIC AND SOCIAL PLANNING REQUIRED FOR MARACAIBO TO MEET FUTURE NEEDS FOR HOUSING, SCHOOLS, HOSPITALS AND TRANSPORT AS A RESULT OF THE CORPOZULIA ENTERPRISE. INFRASTRUCTURE MANAGER, JESUS GARRILLO, WANTS TO TRAVEL TO THE U.S. TO VISIT SHORT-HAUL SINGLE PRODUCT RAILROADS AND WE HOPE TO SCHEDULE HIS TRIP FOR SEPTEMBER. AN UNCLASSIFIED

UNCLASSIFIED

PAGE 03 CARACA 07401 091453Z

AMERICAN FIRM, DRAVO, HAS BEEN ACTIVE IN THE DESIGN OF THE CORPOZULIA PORT. IN ADDITION THE INFRASTRUCTURE ENGINEERS HAVE MADE INQUIRIES OF U.S. FIRMS WHO BUILD PREFABRICATED HOUSING. ENGINEERING AND DESIGN CONTRACTS FOR THE PORT AND RAILROAD SHOULD BE LET WITHIN SIX MONTHS. THE EXACT OWNERSHIP COMPOSITION AND FINANCING OF THESE VARIOUS PROJECTS IS NOT YET CLEAR BECAUSE AGREEMENTS HAVE TO BE MADE WITH VARIOUS GOVERNMENT MINISTRIES AND 2 AUTONOMOUS INSTITUTES BEFOREHAND. CROWLEY

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 08 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CARACA07401
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780327-0071
Format: TEL
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780889/aaaacwkg.tel
Line Count: 103
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 2a310467-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 187272, 78 CARACAS 6974, 78 CARACAS 7303
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1809174
Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECT: CORPOZULIA COAL AND STEEL
TAGS: BENC, VE
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/2a310467-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014